Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

aHD 9001
.A37

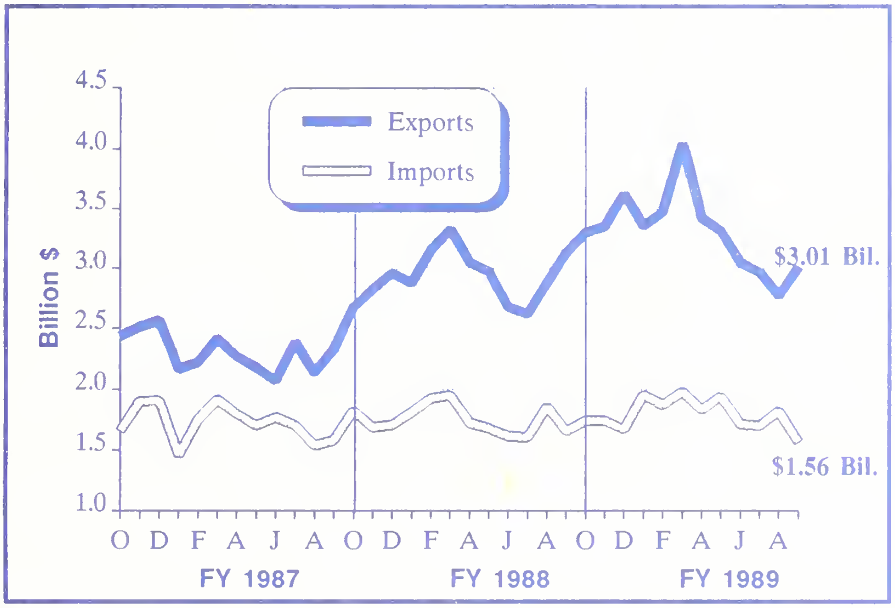
FAS

AGRICULTURAL TRADE HIGHLIGHTS

U.S. Department of Agriculture, Foreign Agricultural Service

November 1989

September Exports Surpass $3 Billion, Imports Fall to Lowest Level of Year



September trade data released by the Commerce Department on November 16 showed U.S. *agricultural exports* bouncing back to above the $3 billion mark after posting a decline in August. Valued at $3.01 billion for the month, agricultural exports were down $169 million, or 5 percent, from last September, but up $243 million, or 9 percent, from August's levels.

With September's export figures, fiscal year 1989 ended at the highest level since fiscal 1981's $43.8 billion record. At $39.7 billion, farm exports closed out the year with an increase of 12 percent from fiscal 1988 and 51 percent from the fiscal 1986 lowpoint of $26.3 billion.

The largest absolute value gains occurred in grains and feeds while the oilseeds sector posted the greatest losses. Several product sectors posted new records in terms of total sales in 1989. Among these were livestock products, horticultural products, planting seeds, and wood products. Although wood products are not currently counted in the total agricultural trade figures, they are promoted by the U.S. Department of Agriculture in overseas markets.

Japan was the leading market for U.S. agricultural exports, purchasing a record $8.2 billion for the year. Fiscal 1989 was a banner year for U.S. food and agricultural products to several other markets as well. In fact, new export records were set to seven of the top-ten markets, including Japan. The other markets were Canada, Mexico, the Soviet Union, Iraq, South Korea, and Taiwan. The only sales decline among the top-ten markets was to the European Community (EC), with a drop of 13 percent from 1988 levels.

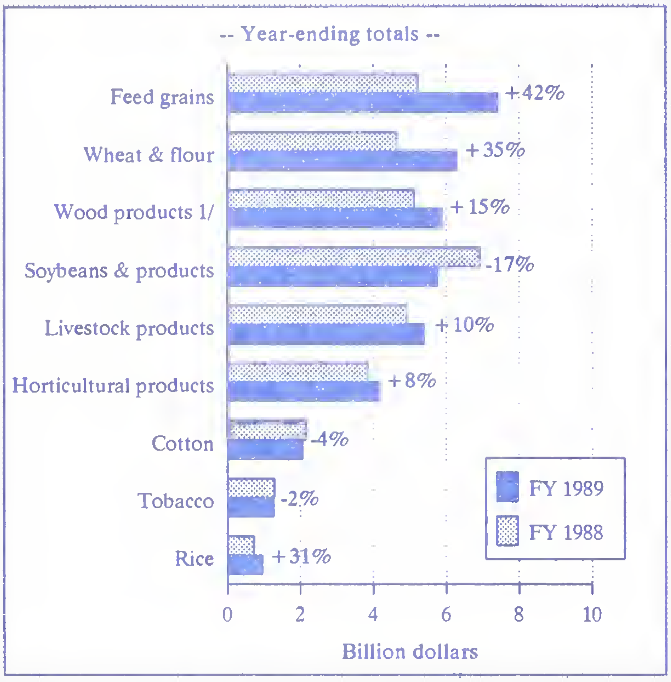
September's *import* figure of $1.56 billion was down $89 million, or 5 percent, from last September and $260 million, or 14 percent, from August. This brought the import total to a record $21.5 billion in fiscal 1989, compared with $21.0 billion for fiscal 1988. This year's import gains were attributable to a $700 million increase in competitive product imports, notably fresh and processed fruits and vegetables.

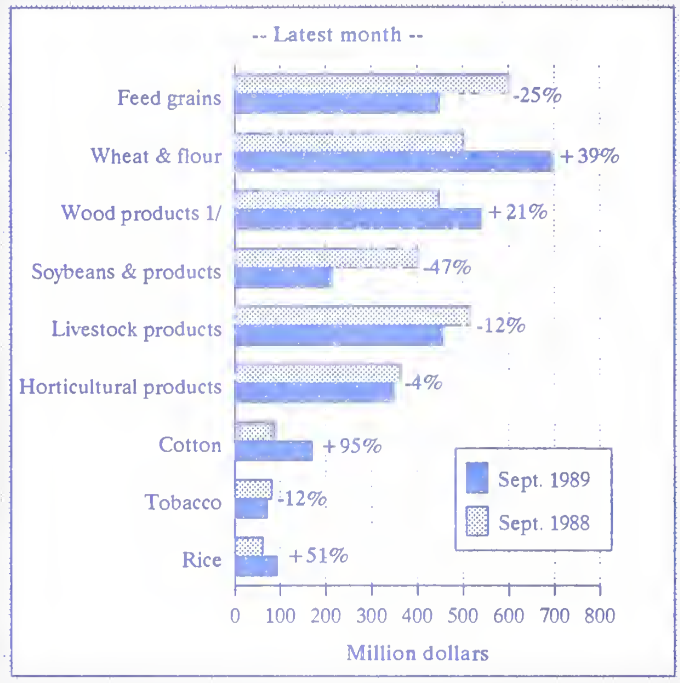
September's *trade balance* of $1.45 billion was the largest surplus since April. This brought the agricultural surplus for the year to $18.2 billion, the highest for any year since fiscal 1984.

Inside This Issue...

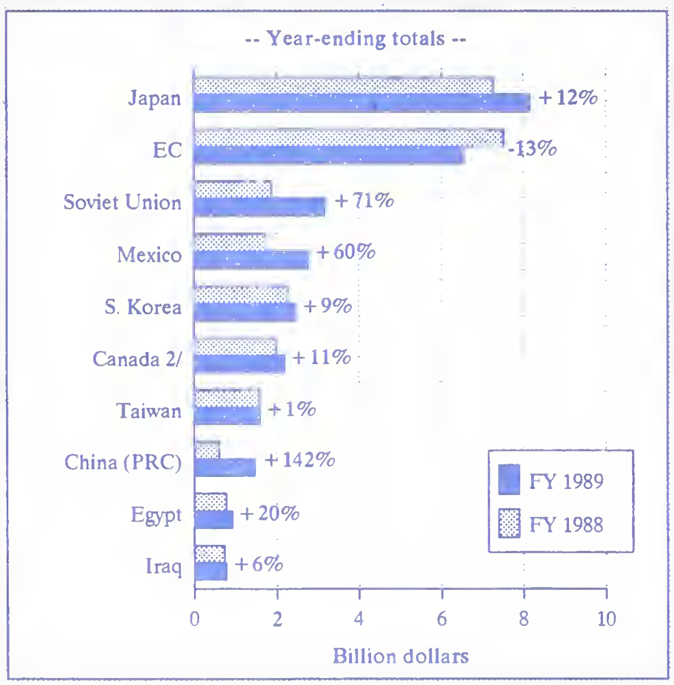
U.S. Agricultural Export Summaries
Year-ending Totals and Latest Month

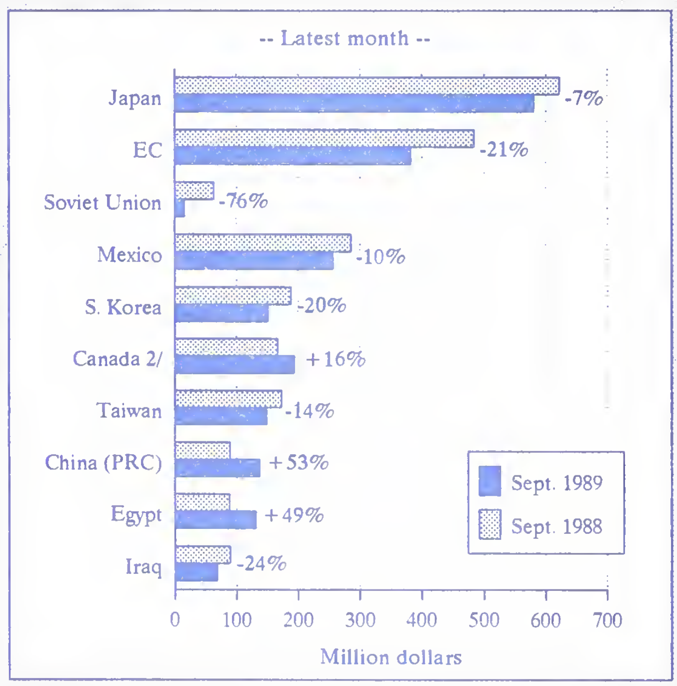
Product Summary





Top Ten Markets Summary





Note: Percentages are computed as the change from fiscal 1988 to fiscal 1989.

1/ Not included in agricultural totals. 2/ U.S. agricultural exports to Canada are underreported by about $1 billion a year and officially recognized by both Governments.

September's trade report brought fiscal 1989 to a close. Export figures for the year placed the total sales value at $39.7 billion, the highest level since 1981. The export volume total of 146.8 billion was only 1 percent below 1988 levels and the second highest volume total since 1982. (See table on page 13 for commodity detail and page 2 for graphic depiction of trends in trade).

Wheat and flour exports finished the year at 37.8 million tons and $6 billion. Although wheat export volume showed some slippage in 1989 from year earlier levels (2.7 million tons, or 7 percent), the sales value was up $1.5 million, or 35 percent. The value gains resulted from higher prices due to the tight U.S. supply situation. China was the leading buyer, followed by the Soviet Union and Egypt.

Feed grain exports registered healthy increases in both value and volume in fiscal 1989. The year-ending total of 61 million tons was valued at $7.4 billion and up 15 percent in volume and 42 percent in value from 1988 levels. While corn accounted for more than 80 percent of the overall gain in feed grain sales from a year ago, significant increases were also posted in U.S. grain sorghum, rye, and oat exports. Top markets for feed grains in 1989 were the Soviet Union, Japan, and Mexico.

The poorest performance of the year was in *soybeans and soybean products*, which has been the most significant factor in declining oilseed product exports. In fact, soy product volume shipments of 19.5 million tons were at their lowest level since fiscal 1975. While demand for soy products was down in four of the top five U.S. markets, the most significant drop was to the European Community (EC). The EC accounted for 57 percent of the drop in

Export figures for the year placed the total sales value at $39.7 billion, the highest level since 1981.

volume and two-thirds of the decline in value from a year ago.

At 1.5 million tons and $2.1 billion, U.S. *cotton* exports edged slightly ahead of last year's volume total but fell $91 million short of the 1988 export value total. After lagging significantly behind 1988 export levels for most of 1989, U.S. cotton scored an impressive fourth-quarter comeback, posting gains of 227,000 tons and $339 million over the final quarter of 1988.

The recent surge in demand for U.S. cotton is attributable to tighter worldwide supplies and China's switch from net cotton exporter to net cotton importer status. The United States closed the year with sales declines in three of its top five cotton markets: Japan, South Korea, and the EC.

Unmanufactured tobacco exports receded 7 percent in volume and 2 percent in value in fiscal 1989, to 258,000 tons and $1.27 billion. This was due almost entirely to lagging demand for flue-cured leaf in the EC. Three of the leading U.S. markets for unmanufactured tobacco--Japan, Taiwan, and the Dominican Republic--actually showed healthy sales increases over year ago levels.

U.S. *rice* exports advanced steadily throughout 1989, ending the year at the second highest level on record for volume. The strong showing was the result of rising foreign demand and higher prices. Year-ending totals came to 3.1 million tons and $956 million. Iraq remained the largest U.S. market in 1989, but the most significant increase in demand came from the EC, up 66 percent in value and 74 percent in volume from 1988 levels. This is one of only two of the major commodity groups to register any sales increase to the EC in 1989.

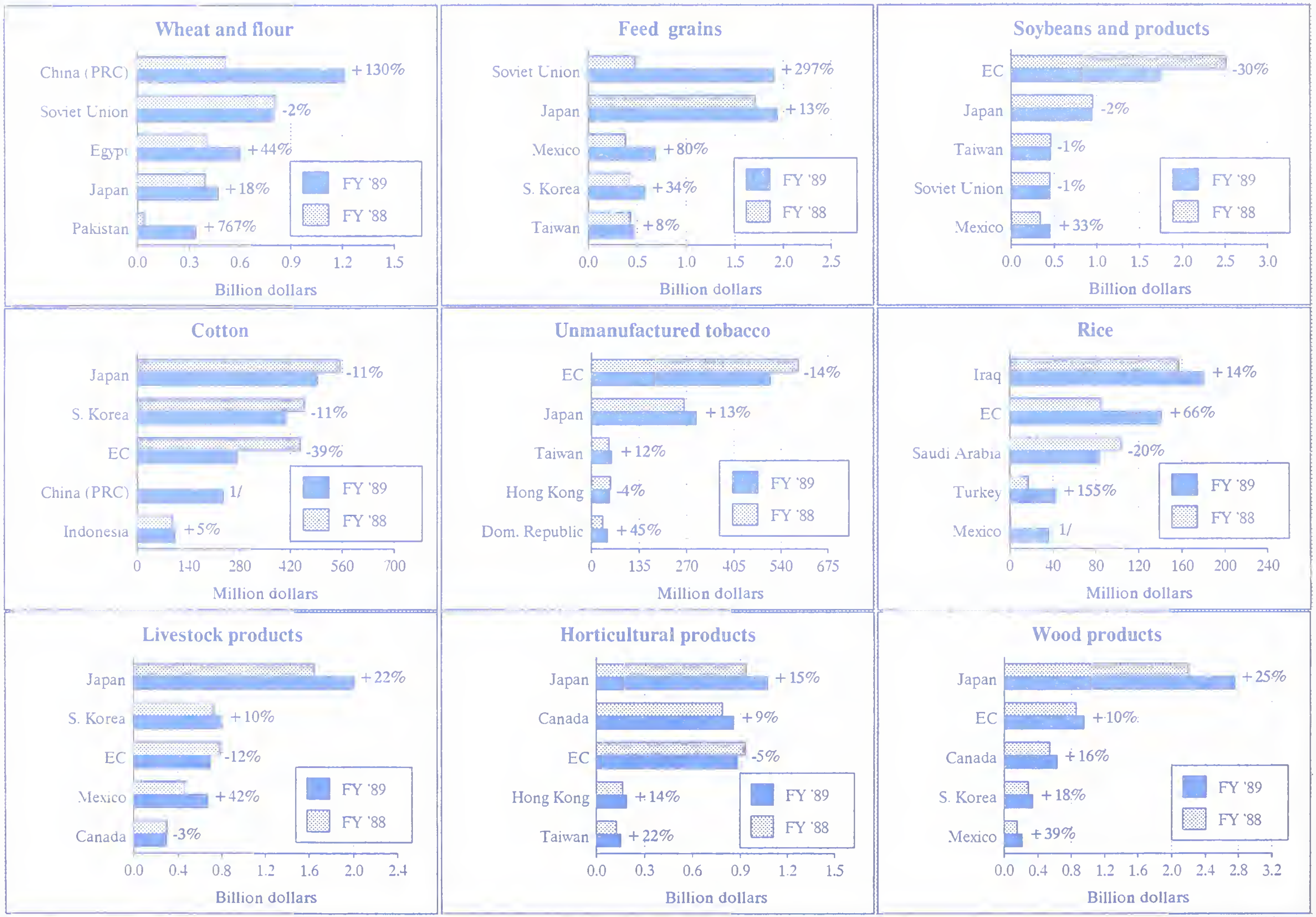
After a record year in fiscal 1988, U.S. *livestock* exports moved to new highs in 1989, finishing the year at $5.4 billion and 2.5 million tons. The driving force behind this increase was rising beef and veal exports, especially to Japan. At $1.4 billion, beef and veal exports accounted for more than 85 percent of the overall gain in the export value of livestock products, with Japan taking the lion's share ($1.04 billion) of the beef and veal export total.

Horticultural products also advanced to a new record, rising to $4.2 billion from last year's $3.8 billion. Significant gains occurred in nearly all products falling within this product group. Some of the more notable included fresh and processed fruits and vegetables and nursery products. Asian markets dominated the horticultural product trade in 1989, accounting for 38 percent of the total sales value. Leading markets within the region were Japan, Hong Kong, Taiwan, and South Korea.

U.S. *wood product* exports climbed to a new record of $5.9 billion in 1989. This product sector has shown phenomenal export growth in recent years, more than doubling its sales value in the past three years. Japan remained the leading and fastest growing market for wood products in 1989, accounting for nearly half of the total sales value and three-fourths of the overall gain in value from 1988.

For more information, contact David Pendlum at (202) 382-1294.

Top Five Markets for Major U.S. Commodities, Year-ending Comparisons



Note: Percentages are computed as the change from fiscal 1988 to fiscal 1989.
1/ Negligible exports reported during comparable period last year.

Bulk and Consumer-Oriented Agricultural Exports Record Strong Growth in Fiscal Year 1989

Both *bulk* and *consumer-oriented* agricultural exports exhibited strong growth in fiscal year 1989, with sales totals of $22.1 billion for bulk commodities and $8.2 billion for consumer-oriented products. These figures represent increases of $2.9 billion for bulk commodities and $1.0 billion for consumer-oriented products from 1988. *Intermediate* products grew at a more moderate rate, increasing to $9.4 billion in 1989 compared with $9.0 billion in 1988.

For the month, September trade statistics ran against the upward trend for all three product categories. Bulk products declined 1 percent from year ago levels, intermediate products declined 7 percent, and consumer-oriented products declined 12 percent. Overall, agricultural exports for September declined 5 percent, to $3.01 billion from $3.17 billion in September 1988.

The fiscal year figure for consumer-oriented products represents a record level for this product category.

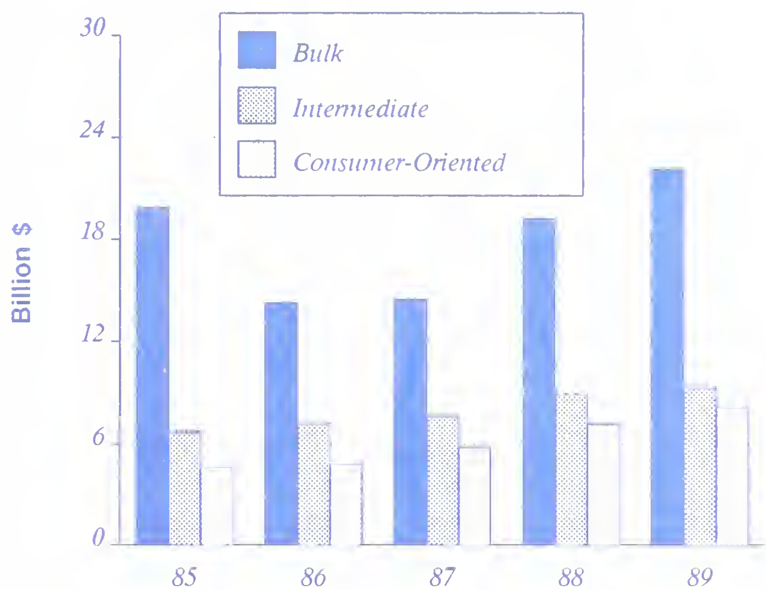
The fiscal year figure for consumer-oriented products represents a record level for this product category. The $8.2 billion total surpassed the previous record of $7.2 billion set last year. Red meats--mainly beef and veal--registered the most impressive gain, increasing to $1.73 billion in 1989 compared with $1.25 billion in 1988. Other consumer-oriented products registering strong gains were fresh fruits and vegetables (to $1.47 billion from $1.38 billion), processed fruits and vegetables (to $968 million from $812 million), and poultry meat (to $513 million from $424 million).

The $22.1 billion total for bulk commodities represents the highest total value for this category since 1984 when bulk exports totaled over $25 billion. Wheat, coarse grains, and rice showed strong gains while soybeans declined significantly. Wheat exports increased 35 percent (to $6 billion from $4.5 billion), coarse grains jumped 42 percent (to $7.25 billion from $5.1 billion), and rice increased 31 percent (to $956 million from $729 million). Soybean exports declined by almost $1 billion over last year's level, dropping to $4.1 billion.

Though the growth in intermediate product exports was more modest, the $9.4 billion still represents a record level. Modest gains in wheat flour (up $96 million) and feeds and fodders (up $145 million) partially offset declines in soybean meal (down $180 million), soybean oil (down $33 million), and hides and skins (down $137 million).

For more information, contact Dennis Voboril at (202) 382-9055.

U.S. Agricultural Exports By Major Processing Stage -- Fiscal Year Comparisons --



Bulk commodities include wheat, rice, feed grains, soybeans, other unprocessed oilseeds, cotton, unmanufactured tobacco, planting seeds, and pulses.

Intermediate products are principally semi-processed products such as wheat flour, feeds and fodders, hops, oilseed meals, vegetable oils, hides and skins, animal fats, wool, and refined sugar. Live animals are also included.

Consumer-oriented products are fundamentally end-products that require little or no additional processing for consumption and include all items not listed in the above categories, such as fresh and processed horticultural products, fresh and processed meats, dairy products, table eggs, and bakery products.

Agricultural Imports Advance to New Record On Strength of Competitive Imports

At $1.56 billion, September's U.S. agricultural imports were down $90 million, or 6 percent, from September 1988. Most of September's decline from a year ago was attributable to a $77 million drop in *competitive* imports. *Noncompetitive* imports were down $17 million from September 1988.

September's import total pushed agricultural imports for fiscal 1989 to a record $21.5 billion. Compared with fiscal 1988, this figure represents an increase of $465 million, or 2 percent.

These import gains were due mainly to a $700 million increase in competitive product imports. The most significant gain was in fresh and processed vegetables, up $366 million. Major increases were also posted in several other competitive imports, including beet and cane sugar, up $248 million; oats, up $69 million; milk caseins, up $55 million; melons, up $41 million; biscuits and wafers, up $41 million; and rape, colza, and mustard oils, up $40 million.

While most product groups falling within the competitive import category were up in 1989, notable declines were posted in a few competitive products. Some examples are pork, down $223 million; beef and veal, down $154 million; unmanufactured tobacco, down $101 million; malt beverages, down $85 million; and wine, down $80 million.

In contrast to competitive imports, U.S. purchases of noncompetitive products declined in 1989, to $6.24 billion from $6.47 billion in 1988. Underlying this downtrend were sharply lower coffee and cocoa import values brought on by declining world prices in the wake of the collapse of international marketing agreements for these products. Cocoa products showed the most significant decline, falling $195 million, or 17 percent from 1988 levels.

The EC was the leading U.S. agricultural import supplier in fiscal 1989, followed by Canada, Mexico, Brazil, and Australia.

Coffee imports were off by $132 million, or 5 percent in value. The only noncompetitive commodity product group to register a significant import increase was rubber and allied gums, up $103 million.

The EC was the leading U.S. agricultural import supplier in fiscal 1989, followed by Canada, Mexico, Brazil, and Australia. These same five countries were also the leading U.S. suppliers of competitive imports.

Indonesia topped the roster of leading suppliers of noncompetitive imports, but the list was dominated by countries in Latin America who furnish most of the tropical products consumed in the United States. (See inset table for list of top suppliers of U.S. competitive and noncompetitive imports).

For more information, call Kelly Kirby at (202) 382-9522.

Noncompetitive imports are those which do not compete with U.S. production and include: bananas and plantains, coffee (incl. processed), cocoa (incl. processed), rubber and allied gums, spices, essential oils, tea, and carpet wools. All other imports are classified as competitive.

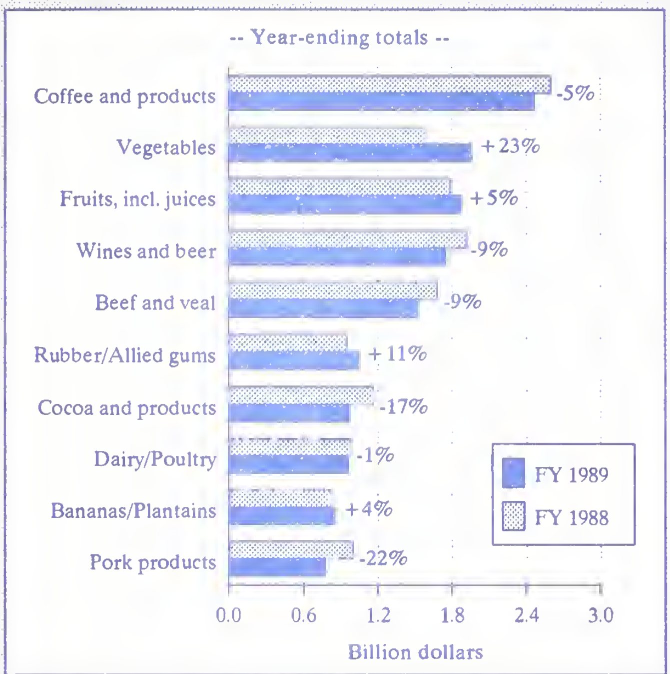
List of Leading U.S. Agricultural Import Suppliers, Competitive and Noncompetive Products Fiscal Year 1989

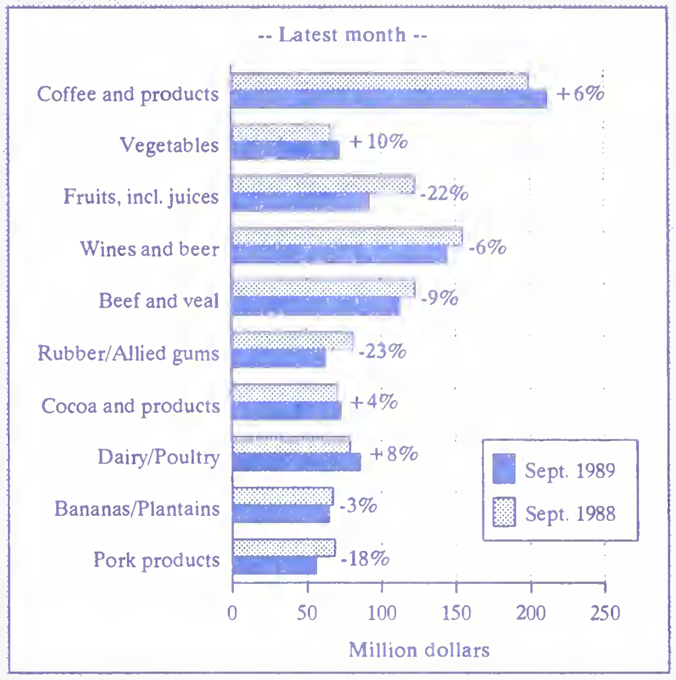
Competitive Imports	Million $	Noncompetitive Imports	Million $
EC	3,800	Indonesia	802
Canada	2,657	Brazil	735
Mexico	1,532	Mexico	560
Australia	1,017	Colombia	549
Brazil	844	Ecuador	401
New Zealand	801	EC	386
Philippines	394	Malaysia	276
Chile	373	Costa Rica	241
Argentina	345	Guatemala	224
Thailand	288	Colombia	209
Colombia	271	Cote'd Ivoire	190
China	230	Thailand	146
Domincan Republic	220	Canada	129
Turkey	206	El Salvador	118
Japan	204	Dominican Republic	96
Subtotal	**13,184**	**Subtotal**	**5,063**
Total competitive	**15,241**	**Total noncompetitive**	**6,238**

Source: U.S. Bureau of the Census.

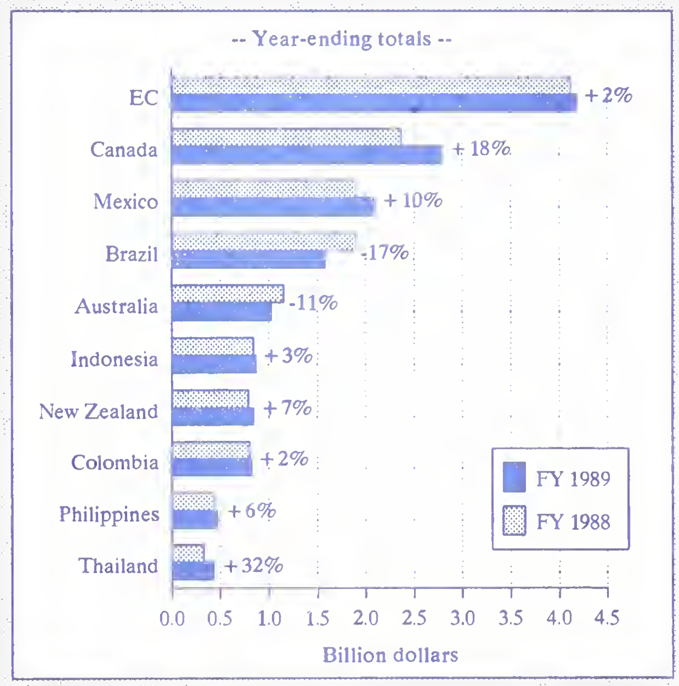
U.S. Agricultural Import Summaries
Year-ending Totals and Latest Month

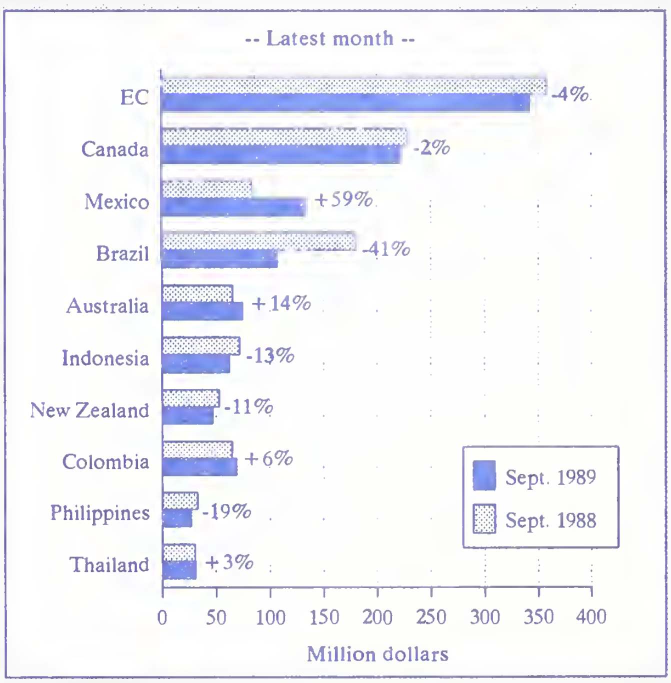
Product Summary





Top Ten Suppliers Summary





Note: Percentages are computed as the change from fiscal 1988 to fiscal 1989.

Recent Developments Impacting U.S. Agricultural Trade

EC Announces Support Levels for 1989/90 Cotton

The European Community (EC) recently announced that it will support a maximum level of 1.4 million bales of cotton produced in the 1989/90 marketing year. Greece and Spain are the two largest cotton producers in the Community. Current production estimates for the EC are very close to the maximum support level. For the 1989/90 marketing year exports for Greece and Spain are estimated at 700,000 bales, down 7 percent from last year. Cotton exports from Greece and Spain compete with American cotton exports for markets in Europe.

Sugar Imports Into China Revised Downward

Sugar imports into the Peoples' Republic China have been revised downward by 300,000 tons (raw value) for marketing year 1988/89. Weakened demand in the tourist-oriented food and beverage industry largely accounts for this decline. In 1989/90, imports are expected to return to the previous level of 3 million tons based on lower forecast production, population growth, and the partial recovery of tourism.

Reduced Exportable Supplies Of Pakistani Rice

Exportable supplies of Pakistani rice in 1989/90 are forecast at 200,000 tons, down 18 percent from earlier forecasts due to poor crop prospects. As a result, Middle Eastern markets such as Saudi Arabia, Kuwait, and the United Arab Emirates, which import large quantities of both U.S. and Pakistani rice, may expand imports of U.S. rice.

Spain Purchases Australian Rice

Spain has recently purchased approximately 28,000 tons of Australian medium grain rice in an effort to offset a poor domestic rice crop. As the largest supplier to this market, the United States had been expected to capture most of the Spanish import growth anticipated in 1989/90. However, competitive prices offered by Australia may continue to displace U.S. sales. The last time Spain bought Australian rice was in 1986, when 7,000 tons were imported.

Brazil's Vegetable Oil Industry Pursues Action Against U.S.

The Brazilian Vegetable Oil Industry Association (ABIOVE) has requested that the Government of Brazil take action within the GATT against U. S. exports of vegetable oil under the Export Enhancement Program (EEP). Basing its complaint on unfair competition for Brazilian exporters, ABIOVE contends that vegetable oil sales made under the EEP have depressed international prices, thereby reducing the export earnings of Brazilian exporters.

France Increases Its Oilseed Processing Capacity

The ongoing construction of two oilseed processing plants in France will allow that country to crush at least 50 percent of its domestic oilseed production by the early 1990's. The processing plant in Bordeaux, along the southwest coast, will utilize soybeans and sunflowerseed in the production of a variety of protein concentrates. A new crushing facility in Rouen in northwest France will increase French crushing capacity for rapeseed and sunflowerseed by approximately 400,000 tons to 3 million tons. French crush of sunflowerseed and rapeseed has risen dramatically since the early 1980's at the expense of crushing soybeans, the majority of which were imported from the United States.

Mohair to USSR: A First

In October, a Soviet official came to the United States under a Foreign Agricultural Service (FAS)/Mohair Council of America (MCA) sponsored activity to observe U.S. mohair production and marketing practices. The Soviet official visited several wool and mohair warehouses in Texas and purchased 263 tons of mohair valued at more than $800,000. If this initial purchase proves satisfactory, the United States may become a major mohair supplier to the Soviet Union. This would reduce the United States' reliance on the United Kingdom market, which historically has accounted for 65-75 percent of annual U.S. exports.

Republic of Korea May Export Rice

The South Korean Government is studying the possibility of "loaning" surplus rice to third countries. Korea achieved self-sufficiency in rice production in 1984 through heavy production subsidies and import restrictions. Rice production in Korea in recent years has been more than sufficient to meet demand and has led to a build-up of stocks. Since Korea produces both Japonica and Indica varieties, this rice would likely compete with U.S. rice on the world market.

U.S. Eggs Gain Market Share in Hong Kong

The Dutch Product Board for Poultry and Eggs has complained through the popular media that the United States is outcompeting them in the Hong Kong egg import market through the recent upswing in EEP sales. Under the most recent EEP for table eggs to Hong Kong announced in July, about 2.5 million dozen eggs have been sold.

Egypt Buys Flour from EC

Egyptian officials have signed contracts to import up to 240,000 tons of flour from France and possibly Italy. The availability of French and Italian financing, plus near record Egyptian wheat demand, may result in increased exports of subsidized European Community wheat and flour to Egypt in the coming months. Egypt exhausted its 250,000 ton U.S. wheat flour EEP initiative in July, but has a 275,000 ton balance remaining for wheat from a one-million-ton September EEP initiative.

USDA Authorizes Over $700 Million In GSM Credits

In November, USDA authorized up to $624 million for fiscal 1990 GSM-102 coverage for sales of U.S. agricultural commodities to Iraq, Ecuador, and El Salvador. A $500 million GSM-102 Credit Guarantee Program was announced for Iraq for the following commodities: $2 million for barley malt, hops and/or hops extract; $25 million for cotton and/or 100 percent cotton yarns; $18 million for non-fat and/or full fat dry milk powder and cheese; $60 million for feed grains; $2 million for hides and skins; $4 million for leather; $6 million for planting seeds; $7 million for poultry breeder stock; $35 million for protein concentrates; $25 million for protein meals; $15 million for pulses; $70 million for rice; $40 million for sugar; $10 million for tallow; $14 million for vegetable oils; $83 million for wheat and/or wheat flour; $15 million for lumber; $35 million for wood pulp/chips; $5 million for wood panel products; $15 million for wool/mohair and wool/mohair tops; $8 million for yeast; and $6 million undesignated.

Ecuador received a $100 million credit line under GSM-102 including for $60 million for wheat; $1 million in breeding livestock; $15 million in cotton; $3 million in feed grains; $500,000 in animal milk replacer; $500,000 in planting seeds; $500,000 in pulses; $5 million in rice; $3 million in tallow and/or grease; $5 million in vegetable oils; $1.5 million in solid wood products; $1 million in fresh fruits; and $4 million undesignated.

USDA authorized a $24 million credit line to El Salvador for $11 million in protein meals; $6.1 million in tallow and/or greases; $3 million in wheat/wheat flour; $1.8 million in vegetable oils; $1.1 million in feed grains; and $1 million in poultry breeder stock.

For more information, contact Mike Fay at (202) 382-1034.

U.S. Agricultural Trade, The Decade in Review

The 1980's has been a decade of contrasts, marked by rapidly changing world economic, financial, and political conditions and major shifts in trade and commerce. While some of these changes have been positive, others have been negative. Those deemed to have been most significant to agricultural trade are discussed below.

As the curtain closes on the 1980's, it seems an appropriate time to retrace the major events of the decade which have significantly altered the face of agricultural trade and to offer a perspective on trends that have emerged to lead us into the 1990's.

The decade opened in the midst of the greatest boon time on record for American agricultural trade. In fact, agricultural exports reached an all-time volume high of 164 million tons in 1980 and hit a value peak of more than $43 billion the following year. These levels have not been matched since.

This success for agricultural exports was an outgrowth of the sharp acceleration in world demand for farm products during the 1970's, especially from developing countries. The increase was also facilitated by the lenient credit policies of major world lenders to help cash-poor countries finance their imports.

Unfortunately, the export boom was sidetracked by a major worldwide economic recession in the early 1980's, causing agricultural trade to shrink somewhat and reversing the upward trend of the three previous decades.

Stringent monetary policies were invoked at the onset of the 1980's to curb high U.S. inflation rates experienced throughout the 1970's. The tight-money policies pushed U.S. real interest rates to record levels and made the U.S. dollar a better investment. This contributed to a sharp appreciation in the value of the U.S. dollar relative to currencies of major trading partners. The net effect was more expensive U.S. farm commodities for foreign customers.

U.S. loan rates offered to farmers participating in government farm programs in the early 1980's were set at rigid, high levels which were consistently above the world market price for most commodities.

This policy, combined with the appreciating U.S. dollar, provided competitors with a protective price umbrella under which they could expand production and sell their exportable surpluses on the world market at the expense of the United States.

During this same period, the rising cost of borrowed money in the United States and other major industrialized countries was weakening the economies of debt-strapped developing countries. The high real interest rates resulted in increasing debt loads for these countries and squeezed hard currency reserves and inflation-adjusted disposable income. This, in turn, had a negative impact on food import demand.

As the 1980's progressed, the European Community (EC) became a fierce U.S. competitor in world commodity markets, especially for grain. This was in marked contrast to the 1970's when the EC was a major market outlet for U.S. grains. In addition, several other traditionally large grain importers became net exporters in the early 1980's. Among these were China and India.

By the midpoint of the 1980's, U.S. policymakers were convinced that something must be done to recapture the United States' shrinking share of the world market. The result was the 1985 Food Security Act signed into law on Dec. 23, 1985.

This new legislation overhauled many longstanding farm programs to make them more market sensitive and introduced two new programs specifically designed to counter unfair foreign trade practices. These were the Export Enhancement Program (EEP) and the Targeted Export Assistance Program (TEA).

The year 1985 turned out to be a crucial turning point for agriculture on the macroeconomic front as well. During the first quarter of 1985, the U.S. dollar reached its peak and began to depreciate against the currencies of major trading partners. This effectively lowered the price of U.S. farm products in foreign markets. Taken together, the new, more market-oriented farm legislation and the lower-valued dollar sharpened the competitive edge of U.S. exporters in the world market in the years that followed.

U.S. agricultural exports did not actually bottom out until 1986 because of the lagged impact of the farm legislation and the depreciating value of the dollar on exports. Since the 1986 lowpoint of $26.3 billion, exports have advanced every year. The release of September's trade figures brought fiscal 1989 to a close at $39.7 billion, the highest export value since 1981's $43.8 billion record.

Several other factors stand out as major influences to agricultural trade during the course of the decade. Among these are declining crude oil prices, sporadic droughts in various regions of the world, a major shift in agricultural trade in terms of product mix, and the emergence of Asia as the dominant regional market for U.S. agricultural products.

The decline in crude oil prices was brought on by a worldwide oil glut caused by overproduction in the early 1980's. This resulted in lower expenditures on petroleum imports in many developing countries, leaving them with more available reserves to spend on agricultural imports.

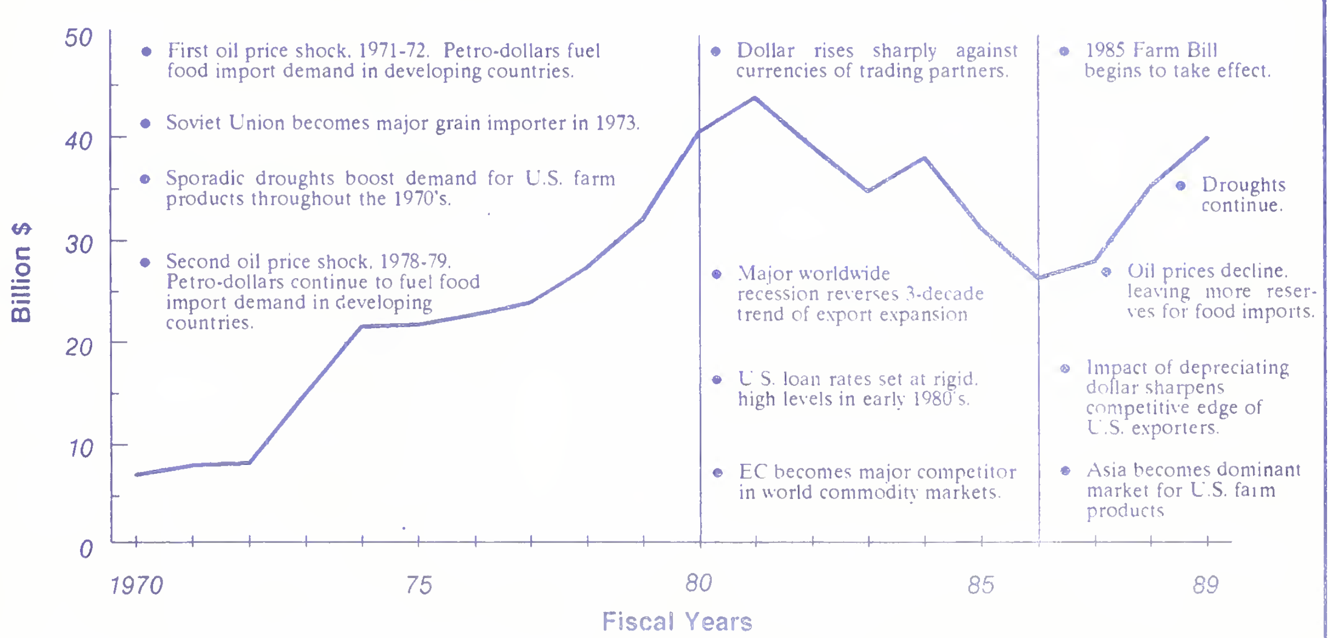
The sporadic droughts of the mid- and late-1980's resulted in the disappearance of the large worldwide commodity surplus built up during the first half of the decade. These weather patterns turned out to be a boon for U.S. farm products, boosting export opportunities and helping the United States recapture some of its lost market share in foreign markets.

The United States was not entirely spared from the adverse weather conditions. In 1988, the worst drought in 50 years hit North America. This resulted in drastically reduced yield levels and a sharp drawdown of stocks in the United States and Canada for most major bulk commodities. Higher prices ensued in response to the adjustment in the supply-demand balance. This, in part, has been responsible for the impressive U.S. export performance in 1989.

The shift in product mix during the 1980's has been from bulk commodities towards processed and consumer-ready products. This change became more pronounced as Asia rose to dominance as a regional market for U.S. farm products at the onset of the 1980's. Asia replaced Western Europe as the leading regional market for U.S. agricultural products in 1979. Since then, the percentage of the U.S. agricultural export total shipped to Asia has steadily increased--from 32 percent, or $12.8 billion, in fiscal 1980, to 41 percent, or $16.4 billion in fiscal 1989.

An important development that helps explain the link between these two phenomena has been the rising level of economic interdependence between Asia and the United States. The increased level of cultural exchange brought on by the increased level of economic interdependence has resulted in a gradual assimilation of tastes and preferences in both hemispheres.

Chronology of Events Impacting U.S. Agricultural Trade During the 1970's and 1980's



In the process, Asians have begun to incorporate more Western-style foods into their diets. This, in turn, has led to a surge in demand for Western-style processed and consumer-ready foods in Asia.

Increases in demand have been most marked in beef, horticultural products, beverages, and pre-packaged foods. In fact, both U.S. beef and horticultural product exports to Asia posted new records in fiscal 1989.

These and other trends that have emerged from the 1980's will undoubtedly influence agricultural trade in the 1990's.

Asia will continue to be a dominant market for U.S. agricultural products. Most of the countries of the world that have undergone rapid industrialization and high-income growth in the 1980's are located in this region. Japan, South Korea, Taiwan, and Hong Kong are leading prospects for continued growth.

These same countries have also undergone a transformation in the amounts and the types of food they import. They have tended to move toward a broader product mix, purchasing more of both traditional staple commodities and processed and high-value products such as livestock, dairy, poultry, and horticultural products.

However, of the two categories, growth has been strongest for high-value goods as increases in consumer demand, fueled by changing tastes and rapidly rising incomes, have outstripped growth in domestic production.

Rapid population increases in developing countries translates into a growing need for food in these nations. Provided they can improve their economies to the point where they can afford more imported food items, the sheer mass of consumers alone will provide tremendous market opportunities for major food exporters such as the United States. Bulk commodities, such as grains and oilseeds, appear to be the best growth prospects for this group of countries.

The changing face of Communism in the Eastern Bloc could break the erratic patterns of farm product purchases and result in more stable demand patterns in the 1990's. However, the outcome of the new policies and their impacts on agricultural trade are highly uncertain at this point.

The greatest deterrent to expansion of U.S. trade is the labyrinth of protectionist trade restraints facing U.S. exporters. These include tariffs, import taxes, import licensing procedures, customs controls and regulations, quarantines, chemical bans, and import quotas.

Such policies are not only aimed at protecting a minimum food supply for domestic security, but at conserving foreign exchange, protecting the markets of powerful domestic producer groups, and limiting the migration of rural populations to overcrowded urban centers. In some cases, this has resulted in costly overproduction and subsidization of exports to markets previously held by the United States.

Significant progress has been made by the United States in recent years, both on a bilateral basis and under the auspices of the General Agreement on Tariffs and Trade (GATT), to improve the international dialogue and build a consensus that trade liberalization is desirable.

While the final outcome of the current Uruguay round of the GATT will not be known until 1992, the promise for agriculture is great if the U.S. case for freer trade is won.

In summation, the essence of these trends is that the United States must pay close attention to macroeconomic developments, policy decisions, and subtle changes in consumer tastes and preferences in markets around the world to realize the maximum benefit from export opportunities in the 1990's.

For more information, contact David Pendlum at (202) 382-1294.

U.S. Agricultural Exports by Major Commodity Group, Year-ending Performance Indicators

	1984	1985	1986	1987	1988	1989
			--- Billion dollars ---			
Grains & feeds 1/	17.444	13.455	9.666	9.314	12.743	17.098
Wheat	6.503	4.264	3.261	2.879	4.470	6.018
Wheat flour	0.235	0.165	0.225	0.207	0.170	0.266
Rice	0.897	0.677	0.648	0.551	0.729	0.956
Feed grains 2/	8.225	6.890	3.824	3.760	5.203	7.403
Corn	7.023	5.788	3.291	3.048	4.324	6.108
Feeds & fodders	1.165	0.963	1.243	1.424	1.677	1.822
Oilseeds & products	8.774	6.362	6.452	6.481	7.841	6.779
Soybeans	5.734	3.872	4.171	4.205	5.024	4.086
Soybean meal	1.181	0.833	1.113	1.325	1.470	1.290
Soybean oil	0.633	0.558	0.292	0.223	0.437	0.404
Other vegetable oils	0.444	0.412	0.412	0.262	0.451	0.416
Livestock products	3.460	3.307	3.515	3.956	4.913	5.391
Red meats	0.921	1.154	1.006	1.289	1.785	2.327
Animal fats	0.683	0.589	0.463	0.405	0.528	0.524
Poultry products	0.413	0.393	0.455	0.593	0.648	0.730
Poultry meat	0.280	0.257	0.282	0.404	0.424	0.513
Dairy products	0.397	0.422	0.434	0.496	0.540	0.489
Horticultural products	2.625	2.625	2.680	3.168	3.839	4.159
Unmanufactured tobacco	1.433	1.588	1.318	1.203	1.297	1.274
Cotton & linters	2.405	1.967	0.692	1.429	2.150	2.059
Planting seeds	0.320	0.343	0.357	0.361	0.407	0.498
Sugar & tropical products	0.762	0.740	0.766	0.875	0.956	1.190
Wood products 3/	2.729	2.651	2.831	3.726	5.125	5.876
Total agricultural export value	38.033	31.203	26.336	27.877	35.337	39.668
			--- Million metric tons ---			
Grains & feeds 1/	108.446	94.285	74.708	90.745	109.354	115.245
Wheat	41.701	28.525	25.507	28.231	40.523	37.775
Wheat flour	1.075	0.767	1.094	1.305	1.236	1.240
Rice	2.293	1.972	2.382	2.454	2.167	3.053
Feed grains 2/	55.572	55.382	36.295	47.640	53.160	60.971
Corn	46.985	46.396	31.104	39.297	43.954	50.556
Feeds & fodders	6.854	6.400	8.222	10.008	11.128	11.005
Oilseeds & products	27.396	24.174	27.958	30.124	29.825	21.509
Soybeans	19.265	16.621	20.123	21.394	20.980	14.111
Soybean meal	4.862	4.457	5.476	6.617	6.191	4.655
Soybean oil	0.827	0.753	0.570	0.538	0.850	0.754
Other vegetable oils	0.572	0.527	0.685	0.462	0.803	0.683
Livestock products 4/	2.116	1.894	2.091	2.017	2.278	2.508
Red meats	0.419	0.424	0.448	0.542	0.627	0.807
Animal fats	1.379	1.199	1.336	1.211	1.347	1.369
Poultry products 4/	0.235	0.247	0.292	0.394	0.411	0.483
Poultry meat	0.225	0.234	0.263	0.374	0.390	0.465
Dairy products 4/	0.404	0.413	0.462	0.427	0.366	0.353
Horticultural products 4/	2.850	2.656	2.738	2.990	3.557	3.799
Unmanufactured tobacco	0.240	0.277	0.263	0.262	0.276	0.258
Cotton & linters	1.509	1.317	0.517	1.330	1.428	1.491
Planting seeds	0.216	0.244	0.113	0.254	0.237	0.498
Sugar & tropical products 4/	0.687	0.725	0.869	1.078	0.876	0.933
Total agricultural export volume 4/	143.790	126.022	109.878	129.339	148.359	146.771

NA = Not available.

1/ Includes pulses and corn gluten feed and meal.
2/ Includes corn, oats, barley, rye, and sorghum and products.
3/ Wood products are not included in agricultural product value totals.
4/ Includes only those items measured in metric tons.

Source: U.S. Bureau of the Census.

Weekly Quotations for Selected International Prices 1/

Dollars per metric ton	Week of 11/16/89	Month ago	Year ago
Wheat (CIF Rotterdam) 2/			
Canadian No. 1 CWRS 13.5%	197	199	215
U.S. No. 2 DNS 14 %	183	183	187
U.S. No. 2 SRW	191	187	NQ
U.S. No. 3 HAD	179	177	199
Canadian No. 1 durum	191	191	NQ
Feed Grains (CIF Rotterdam) 2/			
U.S. No. 3 yellow corn	134	128	135
Soybeans and Meal (CIF Rotterdam) 2/			
U.S. No. 2 yellow soybeans	249	233	306
U.S. 44 % soybean meal	225	NQ	280
Brazil 48 % soy pellets	221	236	299
U.S. Farm Prices 3/ 4/			
Wheat	139	142	144
Barley	77	79	94
Corn	90	90	96
Sorghum	81	80	83
Broiler 5/	1,107	1,144	1,272
Soybeans 6/	218	207	276
EC Import Levies			
Common wheat	91	124	152
Durum wheat	132	183	NA
Barley	90	129	145
Corn	94	134	157
Sorghum	99	144	167
Broilers	365	365	NA
EC Intervention Prices 7/			
Premium wheat	142	197	215
Common wheat	139	194	204
Feed wheat	133	184	204
Maize	139	194	215
Barley	133	184	204
Sorghum	133	184	204
Broilers	1,286	1,286	NA
EC Export Restitution (subsidies)8/			
Common wheat	50	46	NA
Barley	66	67	NA
Broilers	400	400	NA

NQ = No quote. NA = Not available. Note: Changes in dollar value of EC import levies, intervention prices, and export restitutions may be the result of changes in $/ECU exchange rates.

1/ Mid-week quote. 2/ Asking price in dollars for imported grain and soybeans and soybean products, cif Rotterdam for nearby delivery. 3/ Five-day moving average. 4/ Target price for current marketing year in $/metric ton: wheat, $151; barley, $112; corn, $112; sorghum, $106; soybean loan rate, $166. 5/ Composite 12-city weighted average price for trucklot sales to be delivered to first receiver. 6/ Central Illinois processors bid to arrive. 7/ Buy-in equals 94% of intervention price plus full value of monthly increments. 8/ Figures represent restitutions awarded nearest to the listed dates, * denotes no award given since the previous month.

U.S. GOVERNMENT PRINTING OFFICE:1989-262-953:20051/FAS

FAS Circulars: Market Information For Agricultural Exporters

As an agricultural exporter, you need timely, reliable information on changing consumer preferences, needs of foreign buyers, and the supply and demand situation in countries around the world.

The Foreign Agricultural Service can provide that information in its commodity circulars.

World agricultural information and updates on special FAS export services for the food and agricultural trade all are available in these periodic circulars.

For a sample copy of these reports—which can supply you with the information you need to make sound business decisions—check the box indicated, fill out the address form, and mail it today.

To subscribe: Indicate which publications you want. Send a check for the total amount payable to the Foreign Agricultural Service. Only checks on U.S. banks, cashier's checks, or international money orders will be accepted. NO REFUNDS CAN BE MADE.

Mail this form to: Foreign Agricultural Service
Information Division
Room 4644-S
U.S. Department of Agriculture
Washington, D.C. 20250-1000

No. of Subscriptions			Subscription Rate Domestic	Subscription Rate Foreign
______	10022	World Cocoa Situation (2 issues)	$ 5.00	$ 7.00
______	10003	World Coffee Situation (3 issues)	7.00	12.00
______	10004	World Cotton Situation (12 issues)	24.00	35.00
		Dairy, Livestock & Poultry:		
______	10005	Dairy, Livestock & Poultry: Export Trade & Prospects (12 issues)	28.00	56.00
______	10006	Meat & Dairy Monthly Imports (12 issues)	22.00	28.00
______	10007	World Dairy Situation (1 issue)	4.00	6.00
______	10008	World Livestock & Poultry Situation (1 issue)	5.00	7.00
______	10009	All 26 Dairy, Livestock & Poultry Reports	57.00	97.00
		Grain:		
______	10010	World Grain Situation & Outlook (12 issues)	24.00	35.00
______	10011	Export Markets for U.S. Grain & Products (12 issues)	24.00	35.00
______	10013	USSR Grain Situation & Outlook (8 issues)	12.00	18.00
______	10014	All 32 Grain Reports	60.00	88.00
______	10015	Horticultural Products Review (12 issues)	24.00	35.00
______	10016	World Oilseed Situation & Market Highlights (12 issues)	28.00	56.00
______	10017	U.S. Seed Exports (4 issues)	12.00	20.00
______	10018	World Sugar and Molasses Situation & Outlook; World Honey Situation (3 issues)	7.00	10.00
______	10019	World Tea Situation; U.S. Spice Trade; U.S. Essential Oil Trade (3 issues)	7.00	12.00
______	10020	World Tobacco Situation (12 issues)	26.00	45.00
______	10021	World Agricultural Production (12 issues)	24.00	35.00
______	10023	Wood Products: International Trade and Foreign Markets (4 issues)	10.00	15.00
______	10025	Agricultural Trade Highlights	15.00	23.00
______		**Total Reports Ordered**	**Total Subscription Price** ______	

☐ **Please send me a sample copy.**

Enclosed is my Check for $ ______ Made Payable to Foreign Agricultural Service.

Name (Last, first, middle initial)

Organization or Firm

Street or P.O. Box Number

City State Zip Code

Country Phone No. ( ) ___-______

FAS-829 (Rev. 7-89)

UNITED STATES DEPARTMENT OF AGRICULTURE
Foreign Agricultural Service
Room 4644-S
WASHINGTON, D.C. 20250—1000

OFFICIAL BUSINESS
PENALTY FOR PRIVATE USE, $300

FIRST-CLASS MAIL
POSTAGE & FEES PAID
USDA-FAS
WASHINGTON, D.C.
PERMIT No. G-262

If your address should be changed ________ PRINT OR TYPE the new address, including ZIP CODE and return the whole sheet and/or envelope to:

FOREIGN AGRICULTURAL SERVICE, Room 4644 So.
U.S. Department of Agriculture
Washington, D. C. 20250.

Important Notice to Readers --

Beginning Oct. 1, 1989, *Agricultural Trade Highlights* became available on a subscription basis only. The subscription fee is $15 in the United States or $23 for foreign addressees. To subscribe, send your check, payable to the Foreign Agricultural Service, to: Information Division, FAS, USDA, Room 4644-South Building, Washington, D.C. 20250-1000. Only checks drawn on U.S. banks, or international money orders will be accepted. NO REFUNDS CAN BE MADE.

This publication is a product of the Trade and Economic Information Division, Foreign Agricultural Service, U.S. Department of Agriculture, Room 6506-South Building, Washington, D.C. 20250-1000. Questions on the subject matter of this report should be directed to David Pendlum at (202) 382-1294.